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FOR SA, SA/INS,D  
PASS TO USAID, AMBASSADOR WENDY CHAMBERLAIN, AA/ANE;  
GORDON WEST, DAA/ANE; JAMES BEVER AND BERNADETTE BUNDY,  
ANE/SA

E.O. 12958: N/A  
TAGS: EAID CE LTTE  
SUBJECT: SIXTH TOKYO CORE AND EXPANDED GROUP MEETING OF  
APRIL 28, 2003

¶1. SUMMARY: GSL and multilaterals assess the Washington Seminar a success. Planning for the Tokyo Donor's Conference continues as scheduled. The Colombo pre-Tokyo Seminar has been postponed. GSL, multilateral and Bilateral donors have mixed views and strategies regarding the LTTE suspension from the talks. GSL and multilaterals ask for immediate pledges to the NERF to assuage the LTTE. The Japanese have changed the agenda for Tokyo to accommodate US concerns. END SUMMARY.

¶2. Minister Moragoda chaired the meeting. He indicated that the GSL decided to go ahead with preparations for the Tokyo Conference but would remain flexible in keeping the door open for the LTTE. Moragoda said that playing with the schedules given the high-level representation anticipated at the meeting was not an appropriate way to proceed. The Colombo Seminar was put off and may be rescheduled for later in May. Moragoda said that the GSL realized that there were high-risk elements to this strategy and that the current situation was a test of Government resolve. The GSL was sincere in trying to address the issues raised by the LTTE and hoped that the LTTE suspension was not tactical or simply grandstanding.

¶3. Minister Moragoda thanked donors for their governments' attendance at the Washington meeting, which he characterized as successful in laying the foundation for Tokyo. Concerns were expressed that the press coverage had given the impression that Washington was a pledging conference, and this was misunderstood by the LTTE. Moragoda reiterated that the GSL was resolute about the Tokyo meeting and indicated that the current situation was a test of the commitment to the process. He hoped that the LTTE's concerns were focused on substantive issues.

¶4. The Japanese Ambassador said that although the GOJ considered LTTE participation essential, Tokyo was standing firm and resolute for the June conference date. He was encouraged by the sincerity of the GSL's efforts to bring the LTTE back to the table. He indicated that the current and former Norwegian Ambassadors would be going to see Thamilselvan in Kilinochchi on April 30 to ask the LTTE to reconsider its suspension of the talks and its participation in the Tokyo conference. As previously scheduled, Mr. Akashi is due in Sri Lanka from May 3 to May 9. Meetings for him are planned with the PM, President, GL Peiris, international organizations and like-minded Ambassadors.

¶5. The time schedule for preparation of the Tokyo documentation remains the same. The three documents to be shared with donors include Regaining Sri Lanka, the needs assessment document and a "bridging document" that has not yet been drafted. The Japanese Ambassador said that the draft Tokyo Conference agenda remains the same except for the addition of a coffee break after the final plenary. Since the final plenary included remarks by the LTTE, the break would enable the USG to make final remarks along with the other co-chairs without the LTTE at the head table.

¶6. On the topic of LTTE sensibilities, Minister Moragoda indicated that the LTTE's perception right along has been that the GSL is using the peace process to secure funding for the South. The GSL's intent has been neither to humiliate nor corner the LTTE. The situation has now reached a critical stage. The PM will be responding directly to Balasingham's letter. Bernard Gunathilake will be explaining to Thamilselvan the immediate steps that were being taken by the GSL to address the LTTE's concerns. Austin Fernando has developed a plan for the relocation of division headquarters in Jaffna. The GSL and LTTE view the high security zones differently. While the GSL views them both as a security issue and a humanitarian assistance issue, the LTTE thinks that this is just an humanitarian issue (related to IDPs). The GSL suggested for discussion the issues beyond the high security zones that were expected to be raised in the next

round of peace talks in Thailand. Moragoda emphasized that the GSL was making efforts to try to restart the talks within a certain framework -- not just on the LTTE's terms. The agenda must address issues of importance to both sides, such as federalism.

17. There was considerable discussion about the LTTE's understanding of economic issues. Ambassador Wills queried the multilaterals as to the level of sophistication of the LTTE on these issues. Minister Moragoda said that there needed to be an Economics 101 discussion with the LTTE but he didn't know the venue for such a talk. The group was hopeful that Balasingham's press response to Ambassador Wills' newspaper interview regarding open markets was a positive trend in the LTTE's thinking.

18. A number of Core Group members reported out on the NGO workshop on the peace process that was convened by the Center for Policy Alternatives last weekend. The discussions workshop focused on such issues as the perceived lack of consultation on Regaining Sri Lanka, insufficient attention to human rights issues in the peace talks, the need for benchmarks in the peace process, the heavy emphasis of the role of the private sector in the Needs Assessment and the feasibility of the NERF funding mechanism. The World Bank representative said that finding a representative group from civil society was a challenge in Sri Lanka but a more systematic consultation process was needed to address some of the ongoing concerns such as those raised at the NGO workshop.

19. The Wider Group meeting was held immediately following the Core Group and was basically a summary of the prior meeting. The major and heated topic of discussion was pledging to the NERF since a number of donors in the Wider Group had pledged to fund through this mechanism in Oslo. Minister Moragoda and the multilaterals indicated that the LTTE does not perceive that the WB's, ADB's or bilateral funds going to the North and East as "its" and can not claim them for political advantage. It wants funds in the NERF approved by SIRHN because the Tigers can claim that they got these funds because of the struggle. Moragoda stated that the GSL was putting part of the debt relief provided by the Netherlands into the NERF and part of it into activities in the South. There were differing opinions from donors about putting funds into the NERF under the current situation. The GSL, World Bank, ADB and UN were all encouraging donors to put funds in now as a show of good faith. The Italian Ambassador in his role as EU political representative suggested that perhaps this was a time not to follow the rules too closely. The head of UNHCR said that people needed to see more activity on the ground regardless of how. The LTTE had been empowered to decide where and what type of projects would be implemented in the North and East. The Netherlands, Swiss and Sweden all expressed reservations about putting funds in the NERF under these circumstances. (Note: the UK is under the greatest pressure to commit to the NERF now since had been ready to pledge \$15 million prior to the suspension of the peace talks but are reluctant to do so.)

WILLS